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FEDERAL COMMUNICATIONS COMMISSION  
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FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF SECRETARY

IN REPLY REFER TO:  
7310-09/1700A1

Honorable Joseph M. McDade  
U.S. House of Representatives  
2370 Rayburn Office Building  
Washington, D.C. 20515

DOCKET FILE COPY ORIGINAL

Dear Congressman McDade:

This letter is in response to your letter of June 14, 1994, to the Commission's Director of Legislative Affairs, regarding the Commission's consideration of the competitive bidding award structure for emerging wireless technologies such as personal communications services (PCS). Your letter specifically addressed the need for separate PCS license blocks for rural telephone companies.

At its June 29, 1994 agenda meeting, the Commission adopted service-specific rules for broadband PCS, including a "Competitive Opportunity Plan" that establishes two "entrepreneurs' blocks" for smaller businesses including small rural telephone companies. These blocks together consist of 986 licenses, which will be authorized within Basic Trading Areas (BTAs). Eligibility for these blocks will be limited to entities, including rural telephone companies, that have annual gross revenues of less than \$125 million and total assets of less than \$500 million, in order to safeguard for small businesses the ability to participate in the auctions without competition from the largest of companies. Within the entrepreneurial blocks, the Commission established a range of provisions to address the most challenging barrier to entry by designated entities -- that is, access to capital. These provisions include bidding credits, installment payment plans, tax certificates and relaxed attribution standards. For example, within the entrepreneurs' blocks, businesses with less than \$40 million in gross revenues for the three preceding years (including revenues of their affiliates) are eligible for bidding credits of 10 percent, and small businesses owned by women or minorities are eligible for bidding credits of 25 percent. In addition, bidders in the entrepreneurs' blocks will receive a 25 percent discount from the ordinary upfront payment. Furthermore, most winning bidders within the entrepreneurs' blocks may pay for their licenses in installments, thus deferring payments of principal on their debt to the government. In addition, the Commission recently proposed a similar Competitive Opportunity Plan for the auction process governing certain regional narrowband PCS licenses.

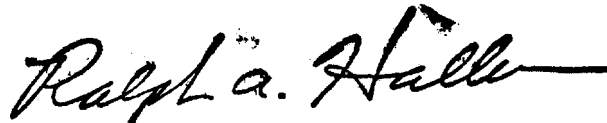
The Commission also established rules permitting rural telephone companies to obtain broadband PCS licenses that are geographically partitioned from larger PCS service areas. Rural telephone companies: (1) may form bidding consortia to participate in auctions, and then partition the licenses won among consortia participants, or (2) may acquire partitioned broadband PCS licenses from other licensees through private negotiation and agreement either

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before or after the auction. These rules will provide a viable opportunity for rural telephone companies to provide rapid service to their rural wireline telephone service area. If you would like additional information, feel free to call Julia Kogan of my staff at (202) 632-7125.

Sincerely,

A handwritten signature in cursive script that reads "Ralph A. Haller". The signature is written in dark ink and includes a long horizontal flourish at the end.

Ralph A. Haller  
Chief, PCS Task Force &  
Chief, Private Radio Bureau

# Congressional

DUE OBC: 7/5/94

PLEASE MAKE 2 EXTRA COPIES OF INCOMING, ATTACHMENTS,  
AND REPLY FOR DOCKET FILE, ROOM 222.

## CONGRESSIONAL CORRESPONDENCE TRACKING SYSTEM 06/21/94

### LETTER REPORT

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TITLE	MEMBERS NAME	REPLY FOR SIG OF
Congressman	Joseph McDade	BC

CONSTITUENT'S NAME	SUBJECT
Dennis Carlsen	re: New Personal Communications Services

REF TO  
CCB

REF TO  
MOBL

REF TO  
PRB/LMAD  
6/27

REF TO  
Rules/KUCAN

DATE  
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6/27/94

REMARKS:

JOSEPH M. McDADE  
10TH DISTRICT, PENNSYLVANIA

COMMITTEE:  
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June 14, 1994

Director, Legislative Affairs  
Federal Communications Commission  
Room 808  
1919 M Street, N.W.  
Washington, D.C. 20554

Dear Friend:

This is in further reference to my letter to you dated January 6, 1994, when I referred correspondence from my constituent, Dennis L. Carlsen, to you for inclusion in the public record on Personal Communication Services (PCS) license regulations. I am enclosing a copy of another letter from Mr. Carlsen dated June 6, 1994.

I would be very grateful if you would look into Mr. Carlsen's serious concerns that residents of rural areas will be denied PCS by FCC action to separate PCS license blocks for rural telephone companies. Please provide me with information on the FCC position on this issue so that I might reply to Mr. Carlsen's comments.

Thanks very much for your cooperation. I look forward to hearing from you.

With best regards, I am

Sincerely,

*Joseph M. McDade*  
Joseph M. McDade  
Member of Congress

JMM:tb  
Enclosure

# **Lackawaxen Telephone Company**

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POST OFFICE BOX 8 ROWLAND, PENNSYLVANIA 18457

(717) 685-7111

June 6, 1994

The Honorable Joseph M. McDade  
United States Congress  
514 Scranton Life Building  
Scranton, PA 18503

Dear Congressman McDade:

I am writing to express my concern about pending action by the Federal Communications Commission to eliminate separate PCS (personal communications services) license blocks for rural telephone companies and other designated entities.

**Your immediate attention is requested because the FCC will address PCS service issues at its June 9th meeting and PCS auction rules shortly thereafter.**

This is a serious matter for your rural constituents and their ability to obtain the benefits of modern telecommunications services like PCS in a timely manner, at reasonable prices.

If the Commission takes this action to eliminate separate auction treatment for designated entities, rural telephone companies and their customers will effectively be left out of PCS, and the field will be left to major carriers serving population centers.

And most importantly, the Congressional mandate to promote universal service and economic opportunity by disseminating licenses among a wide variety of applicants, including rural telephone companies, will go by the wayside.

We're not asking the FCC for special treatment, we are asking for the level playing field Congress mandated so, as small businesses, we can compete for our share of these emerging markets.

Without separate auction treatment for rural telephone companies and other designated entities, a few telecommunication giants will have the overwhelming financial advantage going into the auction process. And the result will be the opposite of Congressional intent---the PCS field will be dominated by the few rather than the competitive diversity of many.